

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-04 H-01
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USIA-06 COME-00 EB-08 LAB-04 SIL-01 /081 W
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INFO USMISSION EC BRUSSELS
AMEMBASSY ALGIERS
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AMEMBASSY COPENHAGEN
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E.O. 11652: N/A
TAGS: PLAB, FR, EIND, EINV
SUBJECT: LABOR TROUBLE AT EATON COMPANY'S FOUNDRY
IN CHARLEVILLE

REF: PARIS 06054; PARIS 05585; PARIS 05255;
PARIS 03953 (ALL NOTAL)

1. SUMMARY: ALTHOUGH EFFECTS OF EATON'S ONGOING LABOR
TROUBLES ARE NOW REPORTEDLY BEING FELT NOT ONLY IN
FRANCE BUT ALSO DENMARK, FIRST HINTS OF POSSIBLE
SETTLEMENT HAVE APPEARED. KEY ISSUES NOW APPEAR TO
BE WHETHER OR NOT ALGERIAN WORKERS WILL RETURN TO THE
JOB AND IF EATON WILL TAKE BACK THE ELEVEN TROUBLE-
MAKERS IT FIRED. END SUMMARY.

2. REFTELS REPORTED ERUPTION OF SERIOUS LABOR DISPUTE
AT SMALL EATON-OWNED FOUNDRY IN CHARLEVILLE, WHICH
AT PRESENT IS SOLE DOMESTIC PRODUCER OF CERTAIN KEY
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ELEMENTS IN MANUFACTURE OF FRENCH AUTOS; A LAY-OFF
OF ONE-THIRD OF THE WORK-FORCE AT A DEPENDENT BENDIX
PLANT; AND POTENTIAL FOR DISRUPTION WITHIN RELATIVELY
SHORT TIME OF FRENCH AUTO PRODUCTION. EATON PLANT,
WHICH WAS SEIZED BY MILITANT STRIKERS, HAS BEEN
CLEARED BY POLICE AND EATON ATTEMPTING TO INDUCE
STRIKERS TO RETURN TO WORK.

3. IN DISCUSSION EVENING MARCH 3, EATON OFFICIALS TOLD LABATT THAT OVER 150 WORKERS ARE STILL ON STRIKE AT CHARLEVILLE; AND THAT ALTHOUGH PRESS HAS DROPPED ITS COVERAGE OF THEIR PROBLEMS NORMAL PRODUCTION HAS STILL TO BE RESUMED. THEY SAID THEY ARE RESISTING HEAVY PRESSURE FROM BENDIX AND RENAULT TO REMOVE THE MACHINERY FROM THEIR PLANT AND RELOCATE OPERATIONS ELSEWHERE. RENAULT (A GOVERNMENT-OWNED COMPANY) IS SAID READY TO PLACE MEN, TRUCKS AND PRODUCTION SITES AT EATON'S DISPOSAL TO ACCOMPLISH MOVE. EATON OFFICIALS SAID THAT ALTHOUGH IT IS STILL NOT CLEAR TO THEM WHEN AUTO INDUSTRY WILL BEGIN TO SHOW EFFECTS OF PRODUCTION SLOWDOWN, RENAULT AND BENDIX ARE NERVOUS AND ARE TRYING TO INTERJECT THEMSELVES INTO EATON'S NEGOTIATIONS WITH THE UNION AND THE PREFECT. MEANWHILE, THEY ADDED, EFFECTS OF CHARLEVILLE SLOWDOWN BEGINNING TO BE FELT IN OTHER AREAS OUTSIDE FRANCE. ACCORDING TO PHONE CALL THEY RECEIVED FROM EATON CLEVELAND OFFICE THAT EVENING, SEVEN THOUSAND EMPLOYEES AT UNSPECIFIED DANISH PLANT ARE BEING LAID OFF DUE TO LACK OF DELIVERIES FROM CHARLEVILLE. (FROM TIME TO TIME EATON HAS INDICATED THAT THE DISRUPTION OF THE DELIVERIES FROM THE CHARLEVILLE PLANT WILL NOT ONLY AFFECT FRENCH PRODUCTION BUT OTHER INDUSTRIES AS WELL. WE GATHER FROM BRITISH LABATT THAT LUCAS OPERATIONS IN UK APPARENTLY COULD ALSO BE AFFECTED BY ANY DISRUPTION IN PRODUCTION.)

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4. FOR FIRST TIME REPORTS OF POSSIBLE SETTLEMENT ARE IN THE AIR. EATON SAYS BOTH PREFECT AND BENDIX-RENAULT BELIEVE THAT (COMMUNIST) CGT PLANT UNION IS WILLING TO DROP ITS DEMAND FOR A WAGE SETTLEMENT IN CLEAR VIOLATION OF BARRE PLAN GUIDELINES FOR REINSTATEMENT OF ELEVEN FIRED AGITATORS. EATON OFFICIALS ARE CLEARLY PLEASED OVER THESE FIRST SIGNS OF SOFTENING OF CGT POSITION AND FEEL THEIR BARGAINING POSITION GOOD. HOWEVER THEY REMAIN VERY CAUTIOUS DUE TO PAST EXPERIENCE IN DEALING WITH THIS UNION.

5. EATON OFFICIALS THEN SAID THEY WERE PARTICULARLY CONCERNED THAT OF THE EIGHTY-SEVEN ALGERIAN WORKERS AT PLANT ONLY TWELVE HAVE RETURNED TO WORK AND THAT OTHER SEVENTY-FIVE ARE BACKBONE OF THE STRIKE. IF ALGERIANS CONTINUE TO STAY OFF THE JOB, OPERATIONS CANNOT BE COMPLETELY RESTORED. ALSO THEY EXPRESSED CONCERN THAT POLICE PROTECTION IS SCHEDULED TO BE WITHDRAWN MONDAY. THEY FEAR THIS MIGHT PRODUCE REOCCUPATION OF PLANT AND

ESCALATE AN ALREADY DANGEROUS SITUATION. THEY ARE

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ANXIOUS TO KEEP THE LID ON AT CHARLEVILLE AT LEAST
UNTIL SENIOR EATON OFFICIAL RETURNS TO FRANCE WEDNESDAY
FOR LUNCHEON MEETING WITH PRIME MINISTER'S STAFF
LABOR ADVISER. IN THAT MEETING EATON REPORTEDLY PLANS
TO PUT ITS CARDS ON THE TABLE AND IN EFFECT ASK FOR
EITHER GREEN LIGHT TO SETTLE WAGE DISPUTE WITHOUT
REGARD TO BARRE PLAN OR FOR GOVERNMENT SUPPORT IN
HOLDING THE LINE. THEY THEN ASKED LABATT FOR ADVICE
AND ASSISTANCE IN ARRANGING MEETING WITH ALGERIAN
EMBASSY TO SEE IF IT WOULD BE WILLING TO HELP PERSUADE
THEIR NATIONALS TO RETURN TO WORK; AND FOR ARRANGING
EXTENSION OF POLICE PROTECTION AT PLANT AT LEAST
THROUGH WEDNESDAY.

6. WITH RESPECT TO REQUEST FOR ASSISTANCE IN ESTABLISH-
ING CONTACT WITH ALGERIANS, AFTER BRIEF DISCUSSION EATON
OFFICIALS AGREED THAT ANY U.S. EMBASSY ROLE WOULD
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PROBABLY ONLY INTRODUCE A POLITICAL ELEMENT WHICH COULD ONLY COMPLICATE ANY POSSIBLE ALGERIAN WILLINGNESS TO COOPERATE. IN THIS CONNECTION EATON OFFICIALS ARE AWARE OF ALGERIAN GOVERNMENT'S GENERAL POLITICAL ORIENTATION AND OF RUMORS THAT IT HAS ARRANGEMENT WITH CGT ON GUEST WORKER SUPPORT TO THAT UNION. EATON HOPES, HOWEVER, THAT SERIOUSNESS OF THIS SITUATION AND POTENTIAL FEEDBACK ON THE ALGERIAN COMMUNITY AS A WHOLE MIGHT CAUSE THEM TO BE HELPFUL. THEY WERE GIVEN PHONE NUMBER, ADDRESS AND NAMES OF ALGERIAN EMBASSY OFFICIALS FROM DIPLOMATIC LIST.

7. WITH RESPECT TO POLICE PROTECTION, A LITTLE PROBING REVEALED THAT THIS MATTER IS WITHIN COMPETENCE OF PREFECT, WHO IS TRYING TO COOPERATE WITH THEM IN KEEPING PLANT OPEN AND IN CHARLEVILLE. (WE GATHER PREFECT AWARE OF REPORTED RENAULT-BENDIX DESIRE TO HAVE EATON MOVE ITS OPERATION COMPLETELY OUT OF AREA PERMANENTLY.) FURTHER DISCUSSION LED TO CONCLUSION BY EATON OFFICIALS THAT NO GOOD COULD COME OF SEEMING TO BYPASS AND PERHAPS EMBARRASS A FRIENDLY OFFICIAL WITHOUT FIRST SEEING IF HE NOT WILLING TO PROVIDE DESIRED EXTENSION OF PLANT PROTECTION VOLUNTARILY.

8. CONVERSATION CONCLUDED WITH GENERAL AGREEMENT THAT THIS PROBLEM ESSENTIALLY A FRENCH ONE; AND OF DESIRABILITY FOR EATON TO KEEP GOVERNMENT FULLY INFORMED OF ITS POSITION AND ITS INTENTIONS. EATON OFFICIALS VOLUNTEERED IN THIS CONNECTION THAT THIS IS ALL THE MORE NECESSARY AS GOF IS FULLY AWARE THAT THEIR FINAL WAGE OFFER TO CGT BEFORE TROUBLE ERUPTED HAD EXCEEDED THE BARRE PLAN, AND HAD LET EATON KNOW IT AWARE OF THIS AND OF EVERYTHING ELSE THAT HAS BEEN GOING ON IN CHARLEVILLE.

9. COMMENT: IT APPEARS THAT THE REQUESTS PUT TO
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LABATT WERE MADE IN RESPONSE TO INSTRUCTIONS RECEIVED FROM CLEVELAND BY PHONE AND WERE NOT PRESSED. WE BELIEVE THE EATON OFFICIALS AND PARTICULARLY LABOR RELATIONS CHIEF HAD NO REAL EXPECTATIONS THAT EMBASSY WOULD INTERJECT ITSELF IN THIS MATTER. IN MEANTIME, PRESS REPORTS THAT 650 WORKERS RECENTLY SENT HOME FROM BENDIX BEAUBOURG PLANT ARE NOW BACK AT WORK SUGGESTS THAT IMPORTS OF EATON FORGINGS FROM OTHER

EATON PLANTS HAVE EASED SUPPLY PROBLEM AND THEREBY
STRENGTHENED MANAGEMENT HAND. HOWEVER, THERE ARE ALSO
REPORTS REACHING BENDIX THAT CGT PLANNING TO LAUNCH
PRESS ATTACK ON SUCH IMPORTS, PARTICULARLY THOSE
FROM GERMANY.
RUSH

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